FBIS DAILY REPORT

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SARNEY, ALFONSIN HOLD NEWS CONFERENCE

PY302110 Buenos Aires TELAM in Spanish 1656 GMT 30 Jul 86

[Text] Buenos, Aires, 30 Jul (TELAM) -- Argentine President Raul Alfonsin and Brazilian President Jose Sarney today agreed that it is essential not to turn the South Atlantic into a conflict area; that it is fundamental for the development of the two countries to overcome the scourge of hyperinflation; and that the integration treaty signed yesterday is open to all Latin American countries.

These were some of the more important issues addressed by Sarney and Alfonsin during a joint press conference this morning at the General San Martin Cultural Center, during which the presidents answered questions by Argentine and Brazilian reporters.

The presidents agreed that there is a specific will to carry out integration plans and to put aside the rhetoric that has prevailed for many years in Argentine-Brazilian relations.

Asked if the bilateral agreements would harm foreign companies, Sarney noted that foreign companies will continue to fulfill their role both in Argentina and in Brazil.

Regarding the role of workers within the framework of the bilateral agreement, Alfonsin said that because this is an effort to achieve cooperation and integration between the two countries, the working classes of these countries will play an important role in trying to achieve the objectives.

Asked if these agreements imply an immediate social cost for Brazil, Sarney said that this was not the case, because overcoming the barriers imposed by backwardness signifies a social achievement. He added: The philosophy of my government is based precisely on granting priority to the social sector. The ultimate goal of all these agreements is to improve the standard of living in our countries. Therefore, overcoming the barrier of backwardness is a social achievement.

Alfonsin said that Latin American countries should be firm in their position regarding the foreign debt, adding that in the Cartagena Consensus we specifically noted the importance of establishing a political dialogue within the framework of which we can explain our aspirations regarding financial and economic problems, as well as problems that fundamentally affect the development of our countries and consolidation of democracy.

I categorically agreed with President Sarney, said the Argentine president, that the only way we can overcome these international financial problems is through economic growth.

Alfonsin added that the only answer for Latin American is to grow because that is the only way our economies can develop and, consequently, fulfill our international commitments.

Sarney stated: We want the South Atlantic to be an area of peace in which our countries might decide to exploit sea resources.

Alfonsin added: We have greater possibilities of succeeding and achieving integration in the economic, financial, and technological fields, as well as in the political field. All of this will be part of a process of achieving the dream of those men who gave us our independence.

The Brazilian president noted that their position on disarmament has been publicly expressed in all countries and all international forums. Brazil does not have that much importance in the international arms market, it is quite small. We have been manufacturing arms for a long time, so as to avoid importing them and to meet domestic demands.

Alfonsin said: The Governments of Brazil and Argentina do not need to sign political pacts or agreements to inform everyone that we support the democratization of Latin America.

Alfonsin and Sarney agreed that Brazilian and Argentine businessmen will be the true protagonists of the agreements that were signed.

Alfonsin said: We are beginning to overcome the ghosts -- which like witches, do exist, as people say -- the ghosts of hyperinflation. We were confronting a truly serious situation. He added that we already know that this year we will grow, and we are determined to take the necessary steps to achieve economic development, which must be accompanied by social development if we are to speak of true development.

Regarding Brazil's trade commitments with the United States and the priority granted to trade agreements with Argentina, Sarney said: These agreements will strengthen trade relations between our two countries. He also noted: Everyone knows that the economy of today's world is integrated, but Latin America has yet to benefit from an integrated economy.

Regarding the great differences in Latin American economies, Sarney noted that the European Common Market is 20 years old and it has not yet been completed. We are just beginning.

Asked if an end to the military regimes in Chile and Paraguay would help Latin American integration, Alfonsin said: We do not wish to make any specific comment regarding any Latin American nation. We have simply said we believe that the presence of democratic regimes on the continent is necessary for integration.

Answering another question, Sarney said: If Argentina had been unable to create conditions leading to domestic economic stability through its Austral Plan, we would have been unable to achieve this second stage.

The Brazilian president stated that foreign companies will be dealt with in keeping with the laws of the two countries; we are trying to see if a binational company can be treated as a national company.

Alfonsin said it is well-known that during these meetings we have achieved an agreement that establishes close ties between the Brazilian and Argentine Air Forces and that talks are under way between the navies of the two countries. Alfonsin said: I think we have been able to overcome forever the mistrust between Brazilians and Argentines that may have existed earlier, but which now has completely disappeared.

Sarney said that the situation in Europe in the 1950's was much better than the one in Latin America today, but this is exactly why we should advance further, so we can pass rapidly through development stages. he added that we cannot remain idle in the face of poverty. We must seek mechanisms to overcome it.

He stated: I believe that the experiences of the European countries will also help us to avoid the same errors and to learn from their successes. He also said he agrees with Alfonsin that the state of armed conflict between Brazil and Argentina is buried forever. This is a time of love and not of hate.

Brazilian President Departs

PY302133 Buenos Aires TELAM in Spanish 2050 GMT 30 Jul 86

[Text] Buenos Aires, 30 Jul (TELAM) -- Brazilian President Jose Sarney departed for home at 1747 at the end of his 3-day official visit to Argentina. Shortly before the Brazilian Air Force plane left the Jorge Newbery Metropolitan Airport, Sarney stated that he had spent 3 very important days in Argentina. He said: I am leaving happy and satisfied with this visit, which has been very important, not only for Argentine and Brazilian economies, but also for the other Latin American countries.

Argentine chief executive Raul Alfonsin and members of his cabinet said farewell to his Brazilian counterpart.

GOVERNMENT URGED TO STOP CLANDESTINE STATIONS

PY291845 Buenos Aires TELAM in Spanish 2113 GMT 28 Jul 86

[Text] Buenos Aires, 28 Jul (TELAM) -- Evaristo Alonso, president of the Association of Argentine Private Radio Stations (ARPA), today issued a communique on the frequent appearance of clandestine radio stations which are either private or owned by municipal or provincial governments.

Alonso said ARPA considers it its duty to emphasize the need to put an end to this situation, which could only bring anarchy to electronic communications. Alonso said: To this end, the national government must resort to institutional mechanisms to enforce the laws, which are being violated by these unlawful actions.

The ARPA president added: It should be noted that this request is not prompted by an alarmist reaction, but by facts. If this trend continues, there will soon be more clandestine stations than legal ones.

The communique says that ARPA believes that instead of contributing to and strengthening our democratic institutions, this situation will undermine them. Only by abiding by the law, which can only be amended in accordance with constitutional procedures, will we be able to strengthen our institutions.

The ARPA communique concludes by saying that the operation of clandestine radio stations is not in keeping with federalist, democratic rights, but is detrimental to these rights because it means to contribute to fait accompli situations, to unilateral decisions, and to arbitrariness as ways to achieve a goal.

PRESIDENT TO ADDRESS CONGRESS 6 AUGUST

PY300002 Paris AFP in Spanish 1509 GMT 28 Jul 86

[Text] La Paz, 28 Jul (AFP) -- A firm pact between the ruling Nationalist Revolutionary Movement (MNR) and the conservative National Democratic Action (ADN) has been instrumental in determining the names of the lawmakers who will preside over this year's legislative session in the Senate and in the Chamber of Deputies, MNR and ADN leaders reported here today.

The opening ceremony of this year's session will be held on 6 August, the Bolivian independence day, when President victor Paz Estenssoro will read a message to report on the first year of his administration.

According to these sources, MNR Senator Raul Lema Patino will be elected president of the Senate; and ADN Deputy Willy Vargas Vacaflor will be elected president of the Chamber of Deputies.

Last year's session was presided over by Senator Oscar Zamora Medinacelli, of the Marxist-Leninist (pro-Chinese) Communist Party, and by Deputy Gaston Encinas, of the Movement of the Revolutionary Left (MIR) in the Senate and the Chamber of Deputies, respectively.

ALFONSIN SAID TO CRITICIZE U.S. TROOPS' PRESENCE

PY301952 Paris AFP in Spanish 1348 GMt 30 Jul 86

[Text] La Paz, 30 Jul (AFP) -- Jaime Paz Zamora, former Bolivian president and MIR [Movement of the Revolutionary Left] leader, said here today that Argentine President Raul Alfonsin has expressed his disagreement over the presence of U.S. troops in Bolivia to combat drug trafficking.

Paz Zamora, who met with Alfonsin in Buenos Aires a few days ago, said that the Argentine president is in favor of establishing a Latin American economic fund to combat the drug trafficking mafias that operate in Bolivia without resorting to the help of U.S. troops.

According to the MIR leader this Latin American economic fund may also help promote Bolivia's economic development.

Paz Zamora also said acting on his suggestion Argentine President Raul Alfonsin and Brazilian President Jose Sarney have included in their agenda the discussion of drug trafficking in the region.

FURTHER REPORTAGE ON MAJOR ANTIDRUG CAMPAIGN

PY291601 Paris AFP in Spanish 2356 GMT 28 Jul 86

[Text] La Paz, 28 Jul (AFP) -- It has been officially reported that the two antidrug operations conducted today did not produce any significant results and that the two Blackhawk helicopters that participated in the operations have returned to their base. The Interior Ministry, which is coordinating the actions of the Bolivian Police and the U.S. troops, has reported that the operations cover an extensive area of Bolivian territory within a radius of 150 km.

The report indicated that today's operation reached Santa Marta, but that no cocaine factories were found in the area. Information was obtained, however, to conduct new operations. The U.S. helicopters returned to their base in the late afternoon.

New protest demonstrations against the presence of foreign soldiers in the country demanding their immediate withdrawal have been held in several cities.

On 14 July a U.S. Galaxy brought 160 soldiers, 6 helicopters, and communications equipment from the 193d U.S. Army Brigade in Panama to help the Bolivian police in the so-called cocaine war.

Narcotics Office Bombed

PY291517 La Paz La Red Panamericana in Spanish 1130 GMT 29 Jul 86

[Relay from Oruro]

[Text] A bomb exploded at 0430 [0830 GMT] today at the door of the Oruro Departmental Narcotics Office located on Cochabamba Street, between Pagador and Velazco Streets, just a block away from the Topater Armored Battalion.

At 0630 Colonel Mario Vargas told me that the attack could have been in reprisal for the crackdown on the smuggling of sulphuric acid, which is used primarily for processing cocaine, from Chile to the Chapare region.

Police officials have announced that investigations are under way and that a detailed report will be released at noon today.

Factories Destroyed; Arrests Made

PY302306 Madrid EFE in Spanish 0155 GMT 30 Jul 86

[Text] La Paz, 29 Jul (EFE) -- The Bolivian Interior Ministry today reported that the Mobile Units for Rural Areas (Umopar) have destroyed nine cocaine factories, and that six drug trafficking suspects have been arrested in various operations in the last few hours. The cocaine-paste factories and the suspects were found in Chapare and the areas bordering Cochabamba Department, 403 km east of La Paz.

A factory in the so-called "Senda 3" sector was discovered while in the process of manufacturing cocaine, but the police forces who participated in the operation with the support of a Bolivian helicopter were unable to arrest anyone.

Police found at the site seven coca maceration pits, four bags of lime, and two containers of gasoline and sulphuric acid, all of which are used to process of cocaine.

Umopar troops also located eight other factories in which they found 1 coca maceration pit and 50 liters of enriched water.

These factories were burned in the presence of reporters who were at the scene. The operations were carried out in the Cochabamba provinces of Jordan and Punata and the troops confiscated 21,820 grams of cocaine base.

During these operations the special troops arrested Victoria de Ortuno, Eugenia Machaca, Zenaida Cardenas, Fausto Gonzalez, Felix Rojas, and Raul Peralta, all Bolivian citizens, who were in possession of cocaine.

Interior Ministry sources said that the antidrug police carried out a dragnet operation in the Beni district, northeast of Cochabama, but that it did not yield positive results.

Group To 'Expel' U.S. Troops

PY312336 Madrid EFE in Spanish 0128 GMT 31 Jul 86

[Excerpts] La Paz, 31 Jul (EFE) -- Labor unions, opposition parties and several well-known Bolivian public figures today created the "Board for the Defense of Nationl Sovereignty" [Junta Defensora de la Soberania Nacional], whose objective is to "get U.S. troops expelled from Bolivian territory."

A communique released by representatives of this organization stated that "first manifesto to the nation" on this subject will be released tomorrow, 31 July, at the headquarters of the La Paz Pressworkers Association.

The communique added that the "board" is made up of the Bolivian Labor Confederation [COB], the Trade Union Federation of Bolivian Mineworkers [FSTMB], the Single Trade Union of Bolivian Peasant Workers [Csutcb], and various opposition political parties.

It also stated that several lawmakers, retired military officers, priests "and men and women who believe in this patriotic cause (that is, the withdrawal of U.S. soldiers)" also belong to this organization. [passage omitted]

CONSUL GENERAL MEETS WITH PINOCHET, RETURNS

PY301818 La Paz La Red Panamericana in Spanish 1130 GMT 30 Jul 86

[Excerpts] Jorge Siles Salinas, the Bolivian consul general in Chile, yesterday met with Chilean President Augusto Pinochet. A few hours later Siles returned to La Paz.

An official of the El Alto Airport prevented newsmen from entering the VIP room, where Siles stayed for 15 minutes after his arrival. Siles announced thathe would not make an statement to the press, that he would do so only after meeting with Foreign Ministry officials. [passage omitted]

An EFE report datelined Santiago confirmed Siles' meeting with Pinochet. According to EFE, Siles termed the meeting with Pinochet a courtesy call and said that his trip to Bolivia was in no way related to this meeting with Pinochet.

FOREIGN MINISTER ON RAPPROCHEMENT WITH CHILE

PY301915 La Paz La Red Panamericana in Spanish 1130 GMT 30 Jul 86

[Text] Judging from remarks made by Foreign Minister Guillermo Bedregal, the rapprochement process between Bolivia and Chile is being conducted with great prudcence and caution.

Bedregal said that the process designed to reestablish (?Bolivian-Chilean relations) is being conducted with great prudence and caution to avoid sensationalism and misinterpretation.

Bedregal was thus commenting on press reports about a meeting he will hold with his Chilean counterpart in Bogota in the occasion of the inauguration of Colombian President-elect Virigilio Barco Vargas. Bedregal said tha no special plans have been made for this meeting. He said, however, that he, will be pleased to meet personally with Chilean Foreign Minister Jaime del Valle.

Foreign Ministry sources have reported that the meeting is scheduled for 8 August, the day after Barco's inauguration. The negotiations for this meeting are being conducted by Bolivian Consul General Jorge Siles Salinas with President Augusto Pinochet.

SOUTH KOREA DEPUTY MINISTER ARRIVES

PY291844 La Paz La Red Panamericana in Spanish 1700 GMT 29 Jul 86

[Excerpts] Foreign Minister Bedregal Gutierrez this morning met with the deputy prime minister of South Korea, Kim Man-je who has just arrived in Bolivia.

Kim visited the Foreign Ministry to convey his government's greetings to the Bolivian foreign minister. He said he is happy to be in Bolivia and that his visit is historic because the time has come for the countries of the Third World to strengthen their relations with South Korea. [passage omitted]

AIRLINE PILOTS GO ON STRIKE; MINES PARALYZED

PY301723 Paris AFP in Spanish 1351 GMT 30 Jul 86

[Test] La Paz, 30 Jul (AFP) -- Labor leaders today reported that Bolivia awoke today with two strikes: one of miners, which will mean the paralyzation of all mines; and the other of pilots, which has stopped all Lloyd Bolivian Airline (LAB) flights.

The strike affecting the nationalized mining sector is being held to pressure the government of Victor Paz Estenssoro to grant salary increases; to supply provisions to the Bolivian Mining Corporation (Comibol) general stores; as well as to provide for the economic rehabilitation of the cooperation.

According to Mineworkers Union Leader Simon Reyes, the mines are suffering such an acute lack of supplies that dozens of children may starve to death. He added that Paz Estenssoro wants to eradicate the state-run mining sector and transfer the profitable deposits to the private sector.

LAB employees are demanding the resignation of LAB President Agustin Saavedra Weisse, who they say does not understand the problems affecting the business.

PRESIDENT SARNEY ARRIVES FROM BUENOS AIRES

PY310110 Paris AFP in Spanish 0026 GMT 31 Jul 86

[Text] Brasilia, 30 Jul (AFP) -- Brazilian President Jose Sarney's plane tonight landed in Brasilia bringing the president back from Buenos Aires after his 3-day official visit to Argentina, during which he signed, with his Argentine counterpart Raul Alfonsin, several economic integration agreements. The Brazilian chief executive resumed power at the Brasilia military base where he was welcomed by his constitutional replacement for the duration of his absence, Senator Jose Fragelli, president of the Brazilian Senate.

FINANCE MINISTER COMMENTS ON PROTOCOLS

PY302253 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 30 Jul 86

[Text] Finance Minister Dilson Funaro has assessed the main protocols signed yesterday by Presidents Sarney and Alfonsin during an interview granted in Buenos Aires.

[Begin recording] [Reporter] Minister Funaro, could you assess the agreements signed by President Sarney here in Argentina?

[Funaro] In the first place, these agreements are aimed at complementing the economies of the two countries. The government is creating an administrative [word indistinct], to participate in the growth of the Argentine and Brazilian economies. We are not agreeing to replace an existing market, we are taking complementary action so that the two countries can participate in the development process which will take place in Brazil and Argentina over the next few years, and this is the most important part of the government.

[Reporter] How will this investment fund operate? Will it also apply to the Central Bank? How will it operate?

[Funaro] The Argentine minister and I have already agreed on that. We do not want to create any kind of organization to manage these funds and projects. Only one Brazilian Finance Ministry official and one Argentine Economy Ministry official will be appointed, and the entire process, all activities, and the study of the project will be done through each country's development bank. Therefore, there will not be any organization to look after this process.

[Reporter] And concerning wheat, Mr Minister?

[Funaro] As for wheat, it means that if Brazil needs to import it will import from Argentina, depending on the price. Brazil will still give a reasonable preference to Argentine products. This will allow Argentina to program its internal production to some extent. This agreement will also permit substitutions: If Brazil, for instance, produces an excess of corn or wheat next year, it will take as a substitute another product that it needs. This agreement is intended to improve the buffer stocks of both countries, considering that the maintenance of buffer stocks is an important program for both the Argentine and the Brazilian ministries. Our economies are complementary, and therefore it is not necessary to keep stocks for the whole year, since the two countries have different production seasons. [end recording]

The minister also said that, in the case of wheat, this is the first step to help the government to acquire a more favorable buffer stock.

GUIMARAES PRAISES SARNEY'S ECONOMIC PLAN

PY300105 Rio de Janeiro O GLOBO in Portuguese 24 Jul 86 p 3

[Excerpts] Brasilia -- After several meetings with President Sarney and with ministers and experts in the economic area, Deputy Ulysses Guimaraes, president of the Brazilian Democratic Mobilization Party [PMDB], yesterday said: "President Jose Sarney would have been an unpatriotic man if, because of upcoming elections, he had failed, to adopt measures that are indispensable for the country." Ulysses recognized, however, that the measures have caused uneasiness within the PMDB, but said that in an attempt to neutralize the negative reactions, the party will concentrate its campaign on the freezing of prices, and it will explain that the purpose of its Plan of Goals is to consolidate the economic stabilization program.

The first meeting between the PMDB president and the ministers and government advisers took place during a luncheon at Ulysses Guimaraes' home. He reported on the pressure he had received through "anxious phone calls from several states." For that reason, he wanted to know the extent of the measures. Economists Joao Manoel Cardozo de Mello, Luiz Gonzaga Belluzo, and Luciano Coutinho (the latter is secretary general of the Ministry of Science and Technology and is now acting minister, since Renato Archer is abroad) explained that the Plan of Goals is "a necessary evil" to help reduce consumption. [passage omitted]

During the meetings with Guimaraes, the government representatives recognized that the measures would initially have a bad effect on the government, but they insisted that the measures are inevitable.

One of the ministers said: "Only a government which has a 90-percent popularity rating can risk taking measures that initially seem unpopular."

At first, Guimaraes and Senator Severo Gomes, president of the Pedroso Horta Foundation (belonging to the PMDB), seemed to share the candidates' belief that the measures would have a negative effect on the party. Later, the two agreed that the only course of action for President Sarney was to resort to what Guimaraes called "a kind of big savings account."

After the first meeting, Culture Minister Celso Furtado, one of the "notables" within the PMDB and a supporter of Guimaraes, made it clear that he did not participate in writing the Plan of Goals, but that the measures do not sacrifice the middle class.

Celso Furtado also said, practically repeating Guimaraes' words, that President Sarney acted correctly. He said:

A statesman must take that risk. He must face problems squarely while there is still time. Tomorrow, that problem in the area of finances might get out of control. [passage omitted]

Mixed Reactions Voiced

PY310143 Rio de Janeiro O GLOBO in Portuguese 24 Jul 86 p 3

[Text] Rio de Janeiro Governor Leonel Brizola stated yesterday that with the refundable tax the federal government has unfortunately broken the price freeze. He made this comment after listening in his residence to President Sarney's speech on television.

Brizola stated that "the nation must think more seriously about controlling the Sarney government and the groups that influence on him."

He said: The president has made it clear that he is implementing a package of measures that will burden the Brazilian people. He himself admitted that they are taxes. These taxes will first burden the middle class and then the entire population.

Other opinions:

Sao Paulo Governor Franco Montoro stated: "After the president's recent visits (to Campinas and Barretos) and after listening to and seeing the people enthusiastically applauding his measures in defense of the worker, I do not think that the image of the federal government of that of the PMDB can be discredited with these additional economic measures."

Ceara Governor Gonzaga Mota said: "President Jose Sarney's Plan of Goals consolidates the Cruzado Plan and his commitment to the social sector. With this measure, the president will increase even more the trend of his followers and admirers throughout the country."

Mines and Energy Minister Aureliano Chaves stated: "My ministry has had no participation in the adoption of the measures announced by President Sarney regarding the establishment of a refundable tax on alcohol and gasoline. We are neither the planners nor promoters of the refundable tax on fuel. We did not even participate in the studies for it. All these measures were planned by the economic ministries. Experience alone will tell us whether they are correct or not. I hope they are successful."

Mauro Salles, an advertising man and political marketing expert, stated: "It is still premature to analyze the popularity of President Sarney and his economic team in view of the economic measures. There has been such a change in mentality that it is difficult to foresee the consequences of the measures for the public image of the authorities."

Antonio Ermirio de Moraes, PTB [Brazilian Labor Party] candidate for Sao Paulo governor, said: "I do not think that these measures are motivated by political favoritism. Their purpose is to balance Brazil's finances within the Cruzado Plan."

Darcy Ribeiro, PDT [Democratic Labor Party] candidate for Rio de Janeiro governor, stated: "These measures will burden the middle class even more. What is happening is very curious: the sectors that have profited for the past 20 years continue to benefit. This plan will be changed so many times before 15 November that it will probably have a different name."

Miguel Arraes, PMDB candidate for Pernambuco governor, has said: "The final objective of these measures is to prevent a new uncontrolled inflationary process."

COUNTRY RESCHEDULES $31 BILLION OF PRIVATE DEBT

PY300010 Sao Paulo FOLHA DE SAO PAULO in Portuguese 26 Jul 86 p 26

[By Paulo Francis, correspondent in New York]

[Excerpts] Fernao Bracher, president of the Brazilian Central Bank, yesterday signed an agreement with Brazil's creditors to roll over $15.5 billion of its 1985-1986 debt and to maintain $15.5 billion of its commercial credits and interbank deposits.

Brazil will have 7 years -- from 1985 to 1991 -- to pay its 1985-1986 principal, and in 5 years, counting from 1987, it will again be able to renegotiate that principal. The commercial credits and interbank deposits will be available until March 1987. All this will allow the Sarney government to go through the national constituent assembly elections without suffering much pressure from foreign creditors. [passage omitted]

In the agreement, a "spread" [in English] of 1.125 percentage points above the LIBOR rate is established. Put simply, Brazil will continue to pay between $8 billion and $10 billion annually in interest to bankers just to keep its credit-worthiness in the international market. Since there is not the remotest possibility that Brazil will amortize $105 billion of its 1985-1986 principle, it can be estimated that by 1991, Brazil will have paid $40 billion ($8 billion annually according to optimistic estimates) in interest on its 1985-1986 debt, and will still owe $105 billion of its 1985-1986 principal. It sounds like a joke, but it is not. [Passage omitted]

ARMY MINISTER OUTLINES MILITARY INVESTMENTS

PY302216 Madrid EFE in Spanish 2129 GMT 29 Jul 86

[By Adalid Cabrera Lemuz]

[Excerpt] Sao Paulo, 29 Jul (EFE) -- The Brazilian Armed Forces will invest approximately $250 million in 1986 in modernizing their equipment and in strengthening border regiments, Army Minister General Leonidas Pires Goncalves has reported. Gen Pires said that the current Brazilian military force of 197,000 men is small in relation to the country's 130 million people.

Pires said that by 1990 the Armed Forces will have between 15,000 and 20,000 additional soldiers and some new sophisticated Brazlian-made material. Brazil is at present the fifth world exporters of arms: It is even selling arms to Great Britain and to the United States.

The strategy of strengthening and replacing material is part of the Ground Force 90 Program (FP 90), which envisages the incorporation of 236 heavy armored Cascavel units into the Brazilian Army this year.

For this part, General Jose Alburquerque, chief of the material department, today said that the military plans to invest at least $250 million annually until the year 2015 to modernize the Armed Forces. Gen Pires said that although Brazil has no enemies, "it should have strong, well-equipped Armed Forces in order to negotiate agreements because no one seeks agreements with or fears a country that has a weak Army." [passage omitted]

SUPREME COURT ISSUES RULING AGAINST FRESNO

PY301957 Madrid EFE in Spanish 0411 GMT 30 Jul 86

[Text] Santiago, 29 Jul (EFE) -- The Supreme Court today rejected recent remarks by Santiago Archbishop Juan Francisco Fresno challenging the Court to take action on the torching case. In its ruling, the Supreme Court accused Cardinal Fresno "of inciting the public" and "undermining the prestige of the courts."

The court also announced that it will take "the required measures" and that it will adopt appropriate legal actions against the cardinal.

The Supreme Court ruling was not signed by Chief Justice Rafael Retamal because of his contention that when Cardinal Fresno expressed his opinion on the administration of justice he was exercising his contitutional right "to express his opinions through every means and in any way."

Justice Retamal also noted that the justices, as judges, cannot pass judgment on Cardinal Fresno's remarks.

On 26 July Cardinal Fresno criticized a decision by Judge Alberto Echavarria (who was acting as a special appellate judge), who heard the case of the two youths who were torched by a military patrol (according to witnesses), resulting in the death on 6 July of 19-year-old Rodrigo Rojas de Negri and in serious injuries for 18-year-old Gloria Quintana, who is still hospitalized.

After disqualifying himself from hearing the case, Judge Echavarria turned it over to a military court. Earlier, he had decided to bring to trial only 1 of the 25 military personnel placed at his disposal by the Army. The only defendant in the case was charged with manslaughter (negligent behavior).

In view of Judge Echavarria's decision, Cardinal Fresno said that "the prestige of the Chilean Army and of the courts requires that the necessary steps be taken to get to the bottom of the case so that justice may be fully done."

Reaction to Ruling

PY310207 Santiago Radio Chilena in Spanish 1700 GMT 30 Jul 86

[Text] Patricio Aylwin, vice president of the Chilean Bar Association and former Senate president, has said that Cardinal Juan Francisco Fresno has only asked the Supreme Court, in respectful terms, to use the necessary means to conduct a thorough investigation into the case involving the burning of two youths, so that justice may fully be exercised. Aylwin then asked the following question: Isn't this precisely the task of a Supreme Court? And why does it feel annoyed when reminded of this task?

Luis Ortiz Quiroga, lawyer and national adviser of the Bar Association, also referred to the Supreme Court's unanimous decision to condemn Cardinal Fresno's remarks. Ortiz Quiroga said that Cardinal Fresno's remarks are quite justified because they represent legitimate concern by all Chileans about a very important issue, the burning of two youths. This is what Ortiz Quiroga said:

[Begin Ortiz recording] I respectfully want to say that the Surpreme Court's statement, in my opinion, is not appropriate. It is absolutely groundless and seems rather to express personal feelings. It is not a statement based on solid arguments. The Supreme Courts president's statement is quite simple, and it seems to express disagreement with a statement which simply expresses the thinking of most Chileans. On making his statement, Cardinal Fresno was only making use of his legitimate right to dissent or to give an opinion, in accordance with the guarantees provided in the Consititution. It is not appropriate, therefore, to make any statement against it. I really think that the Supreme Court president's statement is inappropriate. [end recording]

According to attorney Ortiz Quiroga, the Supreme Court president's position should be that of receiving petitions, such as that made by Cardinal Fresno.

Jose Ruiz di Giorgio, vice president of the Christian Democratic Party and president of the Petroleum Workers Federation, has stated that the statement by the Supreme Court plenum shows how helpless the Chilean citizens are.

[Begin Di Giorgio recording] At this moment we Chileans are absolutely defenseless, and I think the time has come for the people in general to become aware of the need to reconstruct an autonomous judicial branch that will be really in the service of the nation and not in the service of the current government's interest. This is my opinion of the Supreme Court's position, and this is why crimes perpetrated over the past few years could not be solved, because those who are leading the courts have no desire whatsoever to learn the truth and end conflicts. I also think that Rafael Retamal is an exception. He represents the honorable judges, who are very few, and whose words unfortunately are not strong enough to change an institution which should be at the service of Chileans. [end recording]

Patricio Aylwin said that the Supreme Court statement shows a total lack of understanding of the people's loss of confidence in the courts. He added that Cardinal Fresno only expressed, respectfully and with high moral standards, the tremendous concern which has overwhelmed large sectors of the country, in view of the real scandal resulting from the horrendous crimes that have shocked the country over the past few years, and which remain unpunished. The courts seem unable to clear up the cases and uncover those responsible. Aylwin added that this undeniable fact goes against the moral standards of intelligent people, and the morals of spiritual leaders like Cardinal Fresno.

[Begin Aylwin recording] I cannot understand the judges' response to the cardinal's petition. The cardinal has not brought charges against them. He has just asked them in a respectful way to use all necessary means to conduct a thorough investigation of the case of Rodrigo Rojas and Carmen Gloria Quintana so that justice can be fully exercised. Is this not the task of a supreme court? Why is it annoyed by being reminded of their task? In view of the many lies overwhelming the country and the many crimes terrifying the people, to whom else but to the courts should, and must, the people turn to discover the truth and get justice? [end recording]

Aylwin added that when the court's answer is weak and frustrating, as has happened in many cases over the past few years, and the people are overcome by despair and indignation. Unfortunately, he said, they are also pushed into violence,

CNI EXPERIMENT UNDERMINES ARMY CLAIMS ON TORCHING

PY310315 Madrid EFE in Spanish 0134 GMT 31 Jul 86

[By Juan Jorge Faundes]

[Excerpts] Santiago, 30 Jul (EFE) -- "I am happy, I feel all right..." Carmen Gloria Quintana, the young woman burned by a military patrol (according to witnesses), said to today during a talk she held today with Chilean Cardinal Raul Silva Henriquez. The woman also displayed a "V" sign with her fingers. [passage omitted]

Carmen Gloria, who sustained burns on 62 percent of her body, is still hospitalized and has received several skin grafts by which doctors hope to save her life and improve her condition.

The Army confirmed with some delay that Carmen Gloria Quintana and Rodrigo Rojas de Negri were arrested by a military patrol. The Army turned over 25 military men (3 officers, 5 noncommissioned officers and 17 privates) to Judge Alberto Echavarria, who was at that point in charge of the case.

Echavarria released 24 of the military men and decided to try only Lieutenant Pedro Fernandez Dittus, the leader of the patrol. However, he did not charge him with the crime of burning the youths, but with negligence (a petty crime) for not having taken them somewhere for appropriate medical aid.

The judge also declared himself ineligible to hear the case and turned it over to the judge advocate. He also accepted the report of the involved military men, who claimed that while under arrest Carmen Gloria overturned a container of flammable liquid with her feet, thus causing the tragedy.

Dr Jorge Villegas, who is treating Carmen Gloria, reacted to this report, however, stating that this would have been impossible because neither Carmen Gloria's nor Rodrigo's feet were burned.

Paradoxically, the doctor's statements are now supported by an experiment that the National Intelligence Center [CNI] (political police) conducted yesterday. In this experiment an agent wearing a protective suit kicked a container similar to the one that the military men mentioned in their report. It contained the same type of flammable liquid. Photographs published in the newspaper LAS ULTIMAS NOTICIAS today show that the agent's foot caught fire immediately.

An officer explained that the objective of the CNI was to prove experimentally "what may have happened in the case of the burned youths."

The CNI experiment has given added strength to the arguments of Dr Jorge Villegas and has undermined the official report, because, as the doctor says, neither of the youths had burned feet as would have been the case if they had kicked over the container of flammable liquid.

HOY VIEWS GELBARD'S VISIT, TORCHING CASE

PY291759 Santiago HOY in Spanish 21-27 Jul 86 p 5

[Editorial by Emilio Filippi: "Assistant Secretary Gelbard's Visit"]

[Text] U.S. Deputy Assistant Secretary of State for South America Robert Gelbard came to Chile, spoke to government officials and members of the opposition -- as well as with representatives of various other groups -- and, at the time of leaving our country, explained his conclusions.

Summarizing, he sympathizes with all that is being done to advance toward democracy, but he pointed out that in order to make this advance real it is necessary to adopt immediate measures aimed at the reestablishment of fundamental freedoms, such as freedom of assembly, freedom of information, and the freedom to fully engage in political activities.

What has occurred is quite curious. Despite the insistent protests against foreign intervention in our country's domestic matters, all Chileans, whatever sector they belong to, were interested in making known to the U.S. Government envoy the reality we are experiencing. And this was due to the fact that, despite certain chauvinist feelings that arise from time to time, no one fails to recognize, deep inside, how important it is for our nation to be really part of the civilized world.

The old ideas which tend to isolate nations to satisfy misinterpreted nationalisms have been set aside in favor of modern concepts of broader integration and interrelation. The village concept favored by some belongs to feudal times and has been surpassed by history and by the developments of communications, science, and exchange. In this world we all need each other, and to a certain extent we feel that we have a right to enjoy the advantages of universal civilization. We share the destiny of mankind, we care for what happens to each other, wherever he or she still lives. From a political and social point of view, isolation is harmful and greatly affects the economies of the countries of the world.

On the other hand, we cannot be indifferent to the fact that abroad the Chilean situation is considered "a case." Since the current regime came to power, the image of Pinochet's government has had ups and downs. And if, at some time or another, there has been the hope of seeing this image improve, the accelerated rhythm of its recent deterioration shows how urgent the necessity is for change that has been deeply felt by all nations.

For that reason, the presence of U.S. Republican Senator Jesse Helms has filled with enthusiasm even the most naive spokesman of the military regime. Both the flattery of certain members of the media, and the illusion that the U.S. politician has great influence in the White House, have kept a smile on the lips of the most prudent Chilean officials.

From time to time there are politicans in the United States who choose the worst causes and boast of swimming against the tide of good sense, while sailing its most reactionary waters. They use sharp arguments to justify slavery, poverty, or lack of liberties, as long as this situation is contrary to a position which they classify beforehand as pernitious. Now it can be the "communist danger," which they detect even in confessed and militant conservatives, while before it might have been civil rights.

Senator Helms is one of those U.S. politicans. And he has come to help General Pinochet's administration. If it were not so tragic, one could smile complacently at such a grotesque and yet sad thing.

Fortunately, Helms is known in the United States and for that reason has received an adequate response. On the other hand, Ambassador Harry Barnes, one of the victims of his insults, came out of the conflict strengthened by the support he received from his government, from the opposition, and from U.S. public opinion.

La Moneda should meditate on this incident, on its limited perception of the international reality, and on its disdain for the opinions of the rest of the world.

The fact that the Army has recognized the responsibility of Army officers and soliders in the tragic case of the burned youths is part of this process. Thanks to pressure from the public and, to a certain extent, the interest of the United States in seeing the case clear up, the situation has become clearer. Only a few years ago this would not have been possible. We must not forget that at first the government and the representatives of the Army intended to deny any participation in the case. Only in the face of undeniable evidence, endorsed by eyewitness reports, did they correct this improper attitude.

The official version has yet to be elucidated. This version tries to make a reproachable deed look like an accident. It still has to be made clear why, if everything occurred the way they say it did, the military men took the bodies to another place and abandoned them there. We hope that the investigating judge now fulfills his duty with zeal.

Further Reactions to Gelbard

PY291727 Santiago EL MERCURIO in Spanish 19 Jul 86 p C-3

[Text] Several political leaders have reacted to remarks by U.S. Deputy Assistant Secretary of State for South America Robert Gelbard, who on 18 July ended a 5-day visit to Chile.

In a written statement, Gelbard said that "the United States support a peaceful transition to full democracy in Chile through the most efficient and expeditious ways." He added that "a transition toward democracy will be feasible only in an atomosphere of more freedom in which decisions can be made democratically."

The U.S. official said that "groups like the Communist Party, which today resort to violence to attain their political objectives, cannot be expected to abide by democratic rules in the future." He added that "those who consider the Communists and other extremists as valid interlocutors are not helping to build a stable democracy in Chile."

National Party President Carmen Saenz de Phillips said that "the statement by the U.S. official reveals that he has an accurate picture of our situation. He did not say much, but he listened to many people. One can see this in his remarks about the Communist Party. He said the Communists cannot take part in the political game because they have promoted confrontations."

Saenz de Phillips added that "we still believe that we should solve our own problems, as we have done throughout our history."

For his part, People's Democratic Movement (MDP) Secretary General Jose Sanfuetes said that "we categorically condemn the Reagan administration's open intervention in our domestic affairs, which once again has been proven by Mr Gelbard's visit."

Sanfuentes added that "the visit and the statements by Gelbard made it clear to the Chilean people that imperialism supports the dictatorship," stressing that "Mr Gelbard's attitude revealed a total disregard for the Chilean people and their democratic forces." The MDP leader said that the U.S. envoy "made considerable efforts to drive wedges within the opposition under the worn-out pretext of violence and anticommunism." Sanfuentes said he disagrees with Mr Gelbard's opinion that the Chilean Government's economic policy is "excellent."

In turn, Independent Democratic Union Secretary General Jaime Guzman said: "I believe it is important that Mr Gelbard said that to choose the best path toward democracy is the Chilean people's own, sovereign affair. In this regard, his opinion on the criteria that the U.S. Government considers the most suitable for the democratization process are based on a general approach. This is quite different from the remarks by other U.S. State Department officials who have openly and unacceptably meddled in our domestic affairs."

Guzman added: "As for his opinions, I share his concern over the possibility of a dangerous radicalization in Chile, and I agree that to avoid it the government must resolutely take all-encompassing measures in the path toward democracy, in line with the deadlines that the Constitution has established."

Guzman stated: "He warned that those who consider the Communists and other extremists as valid interlocutors are not helping to build a stable democracy in Chile. I believe this is good advice. I believe the Christian Democratic Party [DC] and its friends within the Democratic Alliance, who are always so eager to follow the suggestions of the U.S. State Department, should reconsider their ambiguous and hesitant attitude toward the Communist Party and its partners. This ambiguity is reflected by the multiple alliances between the DC and the MDP, ranging from electoral pacts in unions and universities to their links in the so-called National Civil Assembly."

In turn, DC Vice President Claudio Huepe said that "we are obviously interested in the U.S. envoy's opinion, because it reflects the views of a government of unquestionable influence in our continent. I believe the idea that the Chilean people must exercise self-determination is valuable and positive. I hope he realized that our greatest problem is that our fatherland is ruled by a government that bases its power on force and that does not allow Chileans to participate in the making of decisions that affect them." Huepe termed "unclear and worrying" the remarks by Gelbard as to whether "some political sectors, particularly the Communist Party, are legitimate, because this contradicts his own contention that it is the Chileans who have to make this type of decision."

"If this means that he believes the Communist Party cannot enjoy legal status in the future Chilean democracy, then it is unacceptable. We are the majority of Chilean political parties, even some rightist parties, have always maintained that ideas cannot be banned. We believe all parties should enjoy legal status. In addition, this is common to all Western demcracies. Strict laws should be enforced to punish violence, but this affects radical sectors of both the left and the right."

Huepe termed "positive" the U.S. envoy's remarks on the preconditions for a transition toward democracy, such as the existence of "a spectrum of full civil liberties."

For his part, National Vanguard director Jose Ramon Molina Fuenzalida said that "as nationalists, we hold self-determination to be one of the principles of our ideology. Consequently, we deem unacceptable that foreign government spokesman should pass judgment and give advice on our affairs." He added that "faced with such circumstances, the nationalist sector reiterates its rejection of foreign intervention and points out that the opposition is permanently seeking to submit our domestic affairs to foreign arbitration. This is an obvious consequence of the opposition's inability to play a significant political role."

Molina Fuenzalida said that "Gelbard's remarks on a peaceful transition to full democracy, through the most efficient and expeditious ways, show that he agrees and supports the constitutional transition process being conducted by the regime headed by his excellency the president. This process is being swiftly, efficiently, and seriously conducted."

"We agree that the Communist Party, the terrorist groups and those who promote violence are the enemies of democracy, because their principles and their actions are against it," he concluded.

CENTRAL BANK HEAD DISCUSSES U.S. PRESS REPORTS

PY292259 Madrid EFE in Spanish 1540 GMT 29 Jul 86

[Text] Santiago, 29 Jul (EFE) -- Chilean Central Bank President Colonel Enrique Seguel has downplayed the importance of U.S press reports of a possible decision by the Reagan government to oppose international loans for Chile. Col Seguel said the reports are just "speculations published by the press which have no importance whatsoever and no firm basis." The Chilean Central Bank president added that "the formal relations between the two countries are not conducted by reports, but by the organizations which traditionally handle foreign relations.

200 STUDENTS ARRESTED IN SANTIAGO

PY301325 Paris AFP in Spanish 1943 GMT 29 Jul 86

[Text] Santiago, 29 Jul (AFP) -- Police sources have reported that at least 200 student were detained today in this capital during incidents with the police at the University of Chile law school and at the Santiago Professional Institute. Other incidents took place on Vicuna Mackenna Avenue, in front of the Argentine Embassy in Chile, where groups of university students erected barricades to block traffic. The students were repressed by the forces of order.

Uniformed Carabineros raided the law school that was occupied early today by student demanding an end to intervention in the universities. Humberto Burotto, president of the Student Federation of Chile, has stated that the dean himself called the forces of order to evict the student from the school. Police authorities have reported that 110 university students were detained during these incidents, and that 90 others were arrested near the Santiago Professional Institute, where they were staging demonstrations demanding more state economic support for higher education.

VENEZUELA JOINS FORCES AGAINST REBELS

PA290315 Bogota Emisoras CARACOL Network in Spanish 1215 GMT 28 Jul 86

[Text] Bogota -- Colombia and Venezuela have agreed to form a common front against subversive movements in the American Continent and have imediately begun to contact the defense ministers of Latin American countries. The initiative includes reciprocity of information and logistical integration; the strengthening of border control measures; and information about officials who fight the guerrillas which operate in the region.

Venezuelan Defense Minister General Jose Rafael Cardozo Grimaldi, who first thought about creating a front to fight the guerrillas, said that joint actions will also be carried out to fight drug trafficking, contraband, and kidnappings.

MINISTER JAIME CASTRO EVALUATES GUERRILLA FORCES

PA310341 Bogota Emisoras CARACOL Network in Spanish 1215 GMT 30 Jul 86

[Text] Government Minister Jaimie Castro said that Colombia's current problem derives from public order situations due to the presence and actions of the guerrillas and to the terrorism in the past few months. Castro added that the new guerrilla plan is to destroy the current political system. He noted that, contrary to the first years of the subversive struggle, the current guerrillas are organized and have a hierarchy, with adequate training and an iron discipline.

Several sectors of the guerrilla forces depend on an international power center: there are outside forces who seek to promote or encourage it. In order to accomplish its goals, the subversion in the past few years has sought financing without any scruples or reserve, has resorted to extortion and kidnappings, and in some cases has reached economic agreenments with drug traffickers, said Minister Jaime Castro in his report to the congress.

Castro warned that any peaceful coexistence disappears when citizens are subject to attacks, murders, war taxes, and kidnappings, which bring dangerous results such as people taking the law into their own hands.

The government minister warned the guerrilla groups that have not joined the peace process or that withdrew from it that Colombia has no obligation to establish reforms that will lead to its extinction. Castro said the state has the obligation to grant rights and guarantees which give equal conditions to all those who participate in public life. In his report to the congress -- which Emisoras CARACOL has received in advance -- Castro said that it is not possible to seek through agreements or covenants results the guerrillas did not accomplish with arms during 20 or more years of struggle. The guerrillas themselves have understood this. Therefore, their negotiators have said that through the negotiation process they do not expect to receive a socialist regime on a silver platter. They simply expect to be granted decent conditions to participate in politics, to present their thesis and programs, and to defend them, even if it is in a partial way.

BOMB EXPLODES NEAR PARLIAMENT, ONE PERSON KILLED

PA301929 Madrid EFE in Spanish 1848 GMT 30 Jul 86

[Text] Bogota, 30 Jul (EFE) -- According to initial reports, one person was killed and and at least three were wounded as a result of an explosion that occurred near the national capitol (Parliament) and the Presidency of the republic, in Bogota, today. The explosion occurred at 1244 (1744 GMT) on a street close to the Parliament building which is usually filled with thousands of pedestrians.

Security and assistance organizations went to the site of the explosion right away and eyewitnesses said that an unidentified person "was completely destroyed," while three others were seriously wounded. There has been no official information as to the number and condition of the victims, or the exact cause of the expolosion.

Journalists who cover Parliament said that it was a bomb placed by a tree on the sidewalk. According to other reports it could have been the explosion of a gas line. The security forces that protect public buildings in that area reacted immediately; several suspicious individuals were reportedly arrested.

A terrorist attack carried out at 0730 today also resulted in one Navy officer and the wife of an Army noncommissioned officer being wounded in a neighborhood in southern Bogota. The Popular Liberation Army has been blamed.

EPL DENOUNCES FARC STANCE, ELECTORAL AMBITIONS

PA301930 Panama City ACAN in Spanish 0012 GMT 30 Jul 86

[By Denis Garcia Salinas]

[Excerpts] Managua, 29 Jul (ACAN-EFE) -- The Popular Liberation Army [EPL] of Colombia has accused the FARC of having become "shock forces" and a group with electoral ambitions. The EPL, armed branch of the Colombian Communist Party-Marxist Leninist Faction [PCC-ML] also blamed FARC for 'promoting the demobilization of the Colombian guerrilla movement." [passage omitted]

EPL leader Sonia Martinez and PCC-ML Central Committee member Luis Gomez have denounced "the revisionist and elections-minded attitude" of FARC.

Sonia Martinez, who arrived at yesterday's news conference with her face covered, and Luis Gomez are participating in the Ninth meeting of anti-fascist and anti-Imperialist Youths sponsored by the Nicaraguan Marxist-Leninist Party. [passage omitted]

FOREIGN MINISTER ON AMBASSADOR'S MEETING

PY310148 Asuncion HOY in Spanish 29 Jul 86 p 9

[Excerpt] Foreign Minister Carlos A. Saldivar said at the opening of a meeting of Paraguayan ambassadors: "According to orders from President General Alfredo Stroessner, we have summoned the ambassadors who will occupy their first posts abroad, as well as those who are in Asuncion for official reasons, to a meeting and an exchange of opinions, but mostly so they can receive Foreign Ministry instructions based on the policy outlined by the chief of state regarding the handling of Paraguayan foreign relations."

Concerning the issues that were discussed, the foreign minister said: "They are known to everybody; our main objective is to improve ambassadors' performance. We admit, however, that they have undertaken their activities in keeping with the policies and the work done by the government of President Stroessner."

"Nevertheless," he told the ambassadors, "our country is experiencing an accelerated process of development in all fields, not just in the economic sector. Therefore, we, too, want to experience this development in our sector."

He added then that "although in this era communications have experienced important technological progress which allows us to be in permanent contact with you, these communications do not always let us express everything we want to convey to you or allow you to give us your opinions so that we may immediately develop these aspects of the country's foreign policies."

The minister said that "this meeting's main objective is to discuss general topics. The bilateral topics will be discussed between the ambassadors and the minister or the advisers at another meeting." With this criteria, the meeting dealt exclusively with global topics that make up the country's foreign policy: "To tell the world the truth about the country, its government, and its people, who work in peace for the development of the country and who live happily." [passage omitted]

ABSENTEEISM IN COLORADO ELECTIONS CAUSES CONCERN

PY291603 Asuncion HOY in Spanish 29 Jul 86 p 8

[Excerpt] Some political circles of the Colorado Party are worried about the high rate of absenteeism in the 27 July elections for the Asuncion party precincts. During tomorrow's meeting, the party Executive Board will probably analyze this situation of apparent apathy among the rank-and-file electors. Of the 178,566 voters registered for the elections, only 90,915, some 51 percent, voted.

On the other hand, other party leaders have considered the absenteeism unimportant and pointed out that this is usual in the elections of new boards, both in the capital and the interior. Mario Abdo Benitez, political secretary of the party Executive Board, said, however, that the absenteeism "was alarming" and should not recur. But he added that the registers have to be checked to see if they are correct. "Maybe there has not been absenteeism but only mistakes in compiling the registers," he stated.

The Colorado Party Executive Board is also concerned about the appearance of forged party registration booklets, which, according to reports, might have been registered for the recent elections. [passage omitted]

GUERRILLA ACTIVITY MARS INDEPENDENCE CELEBRATION

PY301300 Paris AFP in Spanish 1657 GMT 29 Jul 86

[Text] Lima, 29 Jul (AFP) -- Local police today reported that 11 people were killed and 55 injured in accidents, terrorist activities, and crimes that took place in several areas of Peru during celebrations marking the 165th anniversary of Peruvian independence.

Carlett Gonzales, deputy prefect of Tocache Province in San Martin Department, located in the northern jungle area of Peru, was killed when eating at a restuarant by four alleged drug traffickers. Carlett Gonzales was an ex-Army captain and a member of the ruling APRA [American Popular Revolutionary Party].

Carlett Gonzales had recently been appointed to his post and according to police reports had plans to undertake a comprehensive operation against drug trafficking and to break up international drug gangs operating in the Peruvian jungle region. Tocache is one of the gang's centers of operation.

In Lima a young worker, Elmer Zamora, was killed by two gunshots when he confronted by a group of unidentified people in the Comas district after participating in festivities to commemorate the nation's independence.

Elsewhere, subversives, allegedly members of the Shining Path terrorist group, attacked a police station in the San Juan de Miraflores district in Lima. Police officer Manuel Palomino was wounded in the shooting that ensued between police and Shining Path.

An APRA party official in the de la Victoria district of Lima was the target of a dynamite attack. No injuries were reported, but the people responsible for the attack left a letter containing death threats for the local APRA party district leaders.

An apartment building was set on fire with a kerosene bottle. The building burned to the ground; 20 people were injured and 1 person died as a result. Elsewhere, two children were burned in their home in a slum. In Ayacucho an unidentified drunk soldier killed the son of APRA leader Juan Vegapatino during a party in a club.

Four high-tension pylons near a police station were blown up by subversives in Ayacucho. Before leaving, the Shining Path subversives left many red flags and propaganda leaflets regarding their actions.

In Huancayo, 312 km east of Lima, a school bus with 30 students went off an embankment when returning from national holiday celebrations. Three children died and 20 others were wounded. In Chimbote, 412 km north of Lima, another bus crashed into a house, killing 2 persons and injuring all 14 passengers. These events took place following the 21 attacks in this capital by terrorists, including the attempts to set on fire the Bolivar, Crillon, and Sheraton Hotels in downtown Lima Sunday night and Monday at dawn.

Strict security measures and an unprecedented security operation to restrict subversive activities have been taken due to the national holidays on 27, 28 and 29 July when Social Democrat President Alan Garcia marks his 1st year in power.

Interior Deputy Minister Augustin Mantilla has reported that in Lima alone more than 3,000 policemen are participating in the security operation. They are supported by light armored vehicles and helicopters. It is also known that police have arrested 20 alleged Shining Path members in the past 20 hours in various parts of Lima. The festivities marking the national holiday were not hindered by the subversive actions or the security measures imposed by the government, including the curfew in force from 0000 to 0500.

Army Kills Maoist Guerrillas

PY261639 Madrid EFE in Spanish 1445 GMT 26 Jul 86

[Text] Lima, 26 Jul (EFE) -- Twenty members of the Maoist organization Shining Path have been killed by Army personnel, after 25 of them tried unsuccessfully to blow up a bridge.

According to a report today in the Lima newspaper LA REPUBLICA, the Shining Path members detonated several bombs yesterday morning under a bridge over the Rio Macro, 118 km from Ayachucho.

Army and police personnel pursued and killed 20 of the Shining Path members. The others escaped, some of the them apparently wounded. The Shining Path casualties are in addition to 18 others, which occurred in Ayacucho Department on 17 July in La Rinconada and Chaupimayo in clashes with army patrols.

According to the LA REPUBLICA report, the Shining Path guerrillas are mostly very young and poorly armed.

It was learned yesterday in Ayacucho that a Shining Path column of 20 guerrillas entered the town of San Jose de Secce on 24 July and killed 5 people, apparently friends and relatives of provincial Governor Victor Naupa of the APRA, whom they seemed to be seeking.

Security Tight For Lima Parade

PY301718 Madrid EFE in Spanish 1925 GMT 29 Jul 86

[Text] Lima, 29 Jul (EFE) -- The traditional military parade which marks Peruvian independence day was held today in Lima under strict security measures, with helicopters flying low over the city surveillance using trained dogs. Some 3,000 policemen were assigned to guard the commemorative ceremonies.

The parade was held in Lima's Plaza de Armas, in front of the Government Palace. A reviewing stand was placed in front of Government Palace to accomodate President Alan Garcia, ministers, accredited diplomatic corps, and civilian and military personalities.

This annual parade usually takes place on Brazil Avenue. This year the ceremony, which marked the 165th anniversary of Peruvian independence, was moved, apparently for security reasons. For the first time in 50 years the parade was held in the Plaza de Armas, where access was strictly controlled. The parade did not include armored vehicles or cavalry, but did include troops, both military and police.

The parade, which started with Navy troops and concluded with police forces, was short in comparison with those of past years. Immediately following the parade, President Garcia returned to Government Palace.

Bomb, Attacks Shake Arequipa

PY280300 Madrid EFE in Spanish 2052 GMT 27 Jul 86

[Text] Lima, 27 Jul (EFE) -- It was disclosed here today that a car bomb and several other terrorist devices exploded in a series of attacks perpetrated in the last 48 hours in Arequipa, 1,025 km south of Lima. The attacks caused extensive material damage but no casualties. The car bomb explosion occured near a shopping center, located in downtown Lima. Seriously damaged were the facade and interior offices of a bank branch as well as windows and doors of a television station, whose equipment was also affected.

According to press reports, a few minutes earlier two buildings of the governing APRA, located in different neighborhoods, were bombed.

Three bomb explosions also took place in Libertad Park, and explosive devices were hurled against the doors of two houses near downtown Arequipa, damaging the facades.

In Chiclayo, 700 km north of Lima, unidentified individuals detonated a bomb at the door of the Agrarian bank branch, near the Plaza de Armas, breaking windows and damaging the building's interior.

MRTA Guerrillas Storm Huancayo

PY301739 Paris AFP in Spanish 0003 GMT 30 Jul 86

[Text] Lima, 29 Jul (AFP) -- Members of the Tupac Amaru Revolutionary Movement (MRTA), a guerrilla organization, occupied a small township near the city of Huancayo, 312 km east of Lima, and took medicine and other items, the police reported today.

The attack, which occurred on 27 July, apparently passed unnoticed by residents of the area, but the extremists themselves have disseminated reports on the attack, which was later confirmed by police sources.

This was the first attack on an Andean rural population by MRTA guerilla fighters. Earlier the MRTA engaged only in urban guerrilla operations (attacks and holdups against radio stations and news agencies) in Lima and elsewhere.

AZPURUA INFORMS LUSINCHI OF RESULTS OF U.S. TRIP

PA291241 Caracas Television Service in Spanish 0000 GMT 29 Jul 86

[Report by Elsy Barroeta]

[Text] Finance Minister Manuel Azpurua has informed President Lusinchi of the results of his contacts in New York with representatives of international banks. We interviewed Minister Azpurua at the Miraflores Palace following his meeting with President Lusinchi. Azpurua returned from New York early yesterday after meeting with representatives of internal credit banks to which Venezuela owes money, as well as with the U.S. secretary of the Treasury and the chairman of the Federal Reserve Bank.

According to Minister Azpurua, the international banks understand the current situation in our country caused by the drop in oil prices. Venezuela expressed the need to modify the financial agreements. It is impossible to pay the $21 billion under the terms of the agreements already signed; therefore, it will be necessary to introduce modifications to place Venezuela in a more flexible position.

[Begin Azpurua recording] In this sense, we also discussed the need to renew talks with the banks' Advisory Committee in order to analyze Venezuela's proposal and its basis, taking into consideration the foreign exchange income, the balance of payments, future prospects, and the time in which Venezuela will need to complete the payments of its public foreign debt. [end recording]

According to Minister Azpurua, after these initial contacts aimed at modifying the agreements on refinancing the public foreign debt, the next step will be a meeting with all members of the banks' Advisory committee. For this, representatives of the Venezuelan Government will travel to the United States during the first 2 weeks of August.

MINISTER CARDOZO PROPOSES REGIONAL DEFENSE GROUP

PA282300 Hamburg DPA in Spanish 2033 GMT 27 Jul 86

[Text] Caracas, 27 Jul (DPA) -- According to morning newspaper reports in Caracas, Defense Minister General Jose Rafael Cardozo Grimaldi has proposed a common Latin American front against subversive movements. Speaking in San Cristobal, Gen Cardozo said he will contact other defense ministers in Latin America "to establish a common front against various subversive groups thriving in the continent." He added that there is need for integration in this regard; to achieve that end, "I will contact Latin American counterparts to discuss other security issues, because we need information from other nations just as they need our information. We are willing to cooperate fully and to train officers to fight our common enemies, because Latin American countries, and especially Bolivarian nations, are affected." As for the common struggle against drug trafficking, contraband, border kidnappings, and murders shared with Colombia, the minister said that "we will intensify relations between the two countries in keeping with a treaty signed in 1984," broaden regional meetings, and foster periodic visits between militarymen of the two countries. Emphasis will be placed on these aspects "to tackle problems that negatively affect our societies."

EDITORIAL ON AGREEMENTS WITH FOREIGN BANKS

PA290015 Mexico City EL DIA in Spanish 23 Jul 86 p 5

[Editorial: "The Agreements With the IMF: Four Aspects To Carefully Think About"]

[Text] The signing of the agreement with the IMF marks the end of a phase of difficult negotiations with foreign banks. There are reservations that will exist until the details of the agreement are analyzed and its effect on the Mexican economy known, but it can be said that the agreement, in principle, means a moderate change in the attitude of international banks. As we see it, the negotiations had four basic points that served as the nucleus of the discussions.

The first point eliminates the possibility of reducing interest payments by relating them to export prices. It was agreed that the banks will provide new short-term credits and will be committed to granting additional funds or to reducing them, depending on oil-price fluctuations. Instead of reducing interest payments -- which was one of the options -- it was agreed to increase the financing to guarantee that the debt will be serviced at all times.

Another main point in the negotiations was the fiscal deficit. One of the most strict guidelines of international financial organizations has been that of making new credits conditional to budget deficit reduction commitments. Recently, there have been drastic budget cuts that have produced an economic recession. The deficit, however, has not diminished proportionately because the impact produced by internal and foreign debt interest and the devaluation have resulted in growing financial expenditures, a situation that the general results make evident. In this regard it is important that the IMF take the operations deficit into consideration when making evaluations.

The third point is the so-called structural change, which includes industrial retransferring [reconversion industrial], the sale of state enterprises, the opening of commerce, and the promotion of foreign investments. There is, in effect, a list of guidelines that have dangerous edges that will deeply modify the Mexican economy, and that could lead to an irreversible situation.

A fourth aspect is that Mexico has noted, regarding the possibility of selling public enterprises and promoting foreign investments, that decisions on strategic and priority enterprises and on foreign investments are to be made only by the Mexican legislature and the product of Mexican policies.

Judging from the contents of the agreements with the IMF, there has been really a moderate change of attitude, considering that the door to new financing has been opened after having been closed to Mexico for the past 2 months. The IMF also agreed to make some type of link with other economic variables, such as the price of oil, in order to avoid new paralyzations of the Mexican economy while Mexico waits for the results of the negotiations. This change of attitude, however, is only small relief, because the unjust international economic order conditions remain and will continue to act against the less-developed economies. The change of attitude of the financial organizations represents a first step on a flexibility road that must be expanded to guarantee economic growth -- an unescapable condition for social justice and the foundation of political stability.

PEMEX NOTES THAT GASOLINE NEEDS WILL BE MET

FL282318 Mexico City NOTIMEX in Spanish 1554 GMT 26 Jul 86

[Excerpt] Mexico City, 26 Jul (NOTIMEX) -- Gasoline production will increase by 17,000 barrels daily during the present year with respect to the preceding year; production will reach 121,600 barrels daily in 1986, according to Pemex. Pemex also reports that this level of production will guarantee the demand for gasoline will be met nationwide. In cases such as the federal district, the gasoline has been improved to reduct the emissions of gas and contaminating smoke. Nova Plus and Extra Plus gasolines are only a part of Pemex products. Pemex produces 2.72 million barrels of crude oil daily. Of this, approximately 1.5 million barrels are sold on the international market; the remainder is consumed domestically. Pemex produces two qualities of crude oil; light crude, called isthmus, and heavy crude, called maya. Pemex produces 1.16 million barrels daily of the heavy crude, which is of poorer quality, is more viscous, and has elements that make its processing more difficult. Pemex produces 1.56 million barrels of light crude oil daily. [passage omitted]

SUSPECTED DRUG TRAFFICKERS KILL POLICE CHIEF

PA280119 Mexico City Red Nacional 13 Imevision Television in Spanish 0130 GMT 27 Jul 86

[Text] In Colima, presumed narcotics traffickers have killed the chief of the Manzanillo judicial police, Octavio Garza Zuniga, and a policeman, Juan Garcia Mendez. Octavio Garza and three policemen had gone to (Comoplan) de Miraflores in Colima to arrest a person involved in the marketing of marijuana.

BRIEFS

PRESIDENT APPOINTS OFFICIALS -- President Miguel de la Madrid has appointed Jose Alcudia Garcia secretary of energy, mines and parastate industry and Romarico Arroyo as deputy secretary of energy, mines and parastate industry. Federico Torres Arroyo was appointed (Eugenio Olade Salarich) as deputy secretary of the parastate industry of transformation. Alfredo Elias was appointed coordinator of advisers, and (Miguel Besania) was appointed private secretary of the new energy, mines and parastate industry. [Text] [Mexico City Red Nacional 13 Imevision Television in Spanish 1955 GMT 9 Jul 86 PA]

NAVY APPOINTMENTS ANNOUNCED -- Rear Admiral Jose Humberto Orozco Peralta has taken over as the new director of the Navy and Military School. He is replacing Rear Admiral Rodolfo Rodriguez Jurado, who was appointed commander of the Navy Sector of Matamoros, Tamaulipas State. [Summary] [Mexico City Red Nacional 13 Imevision Television in Spanish 0130 GMT 14 Jul 86 PA]

THERMOELECTRIC PLAND DEDICATED -- The first unit of the thermoelectric plant in San Luis Potosi began operating today. The plant, which involes a 42-billion peso investment, will generate 750,000 kilowatts of energy. This will guarantee electric supply for the next 30 years in the central area that includes "San Luis Potosi, Queretaro, and Aguascalientes. It is the largest and most modern project in Latin America and is run by computers. [Summary] [Mexico City Red Nacional 13 Imevision Television Network in Spanish 0300 GMT 9 Jul 86 PA]

ECONOMIC OFFICIAL ON TRADE TREATY NONCOMPLIANCE

PA260413 Panama City LA ESTRELLA DE PANAMA in Spanish 24 Jul 86 pp A 1, A 14

[By Edmundo Dante Dolphy]

[Text] Felix Maduro, president of the Panamanian Chamber of Commerce, Industries, and Agriculture, recently reported Guatemalan and Salvadoran noncompliance with the bilateral free trade treaties they share with Panama.

While these countries argued that their Central Bank policies have imposed certain restrictions which prevent them from complying with the agreements, the position of the Panamanian joint commission, made up of private and government sectors, is that treaties among countries should be honored and are above any internal imposition.

Maduro pointed out that among the restrictions imposed by the bilateral free trade treaty with El Salvador and Guatemala, the most problematic is the inclusion of a list of products, which is used as a basis for the payment of a tax surcharge for all products not appearing on that list. Maduro said that very few Panamanian products appear on this list, which adversely affects Panamanian exporters, who cannot carry out free trade operations.

Another negative aspect causing an imbalance is the payment for Panamanian exports by the Central Banks of El Salvador and Guatemala.

Maduro said that because of the noncompliance with these bilateral treaties, Panama has had to take certain unilateral steps including restricting imports of the products of these countries covered by the bilateral agreements.

Panama explained its position at a recent meeting in Guatemala with the economy ministers and presidents of the Central American Central Banks. The joint commission -- which is made up of the Chamber of Commerce, Union of Panamanian Industrialists, Panamanian Association of Business Executives, Panamanian Institute of Foreign Trade, Panamanian Exporters Association, and government officials -- intends to talk with the commerce minister and discuss the issue with the president of the Republic to seek alternatives or solutions to this important free trade problem.

BRIEFS

DRUG SEIZURES -- National Defense Forces report total drug confiscations between January and June 1986 were 390,723.5 grams of pure cocaine; 8,062.5 grams of basuco; 106,920.5 grams of marijuana; 342.2 grams of hashish; 250 drums of acetone; and 157 ampules of morphine. A clandestine laboratory was destroyed in the Darien jungle. Also confiscated were 250 bales of marijuana and 300 kg of pure cocaine, delivered by a ship and airplane respectively. On money laundering control, six cases involving a total of $2,373,244 were detected by the Antidrug Brigade. [Summary] [Panama City CRITICA in Spanish 16 Jul 86 p 19 PA]

COSTA RICA

GOVERNMENT SAYS NICARAGUAN CHARGES 'GROUNDLESS'

PA300451 San Jose Radio Reloj in Spanish 0100 GMT 29 Jul 86

[Text] Acting Foreign Minister Carlos Rivera Bianchini said today that Costa Rica considers the Nicaraguan charges groundless and invalid. Rivera made this remark when he referred to Nicaragua's petition to the UN Security Council to investigate the activities of the Nicaraguan counterrevolution [words indistinct] in Costa Rica.

[Passage indistinct] Rivera said Costa Rica will respond appropriately to the Nicaraguan petition to the UN Security Council. He added that this petition is groundless and that it is intended as a smokescreen to pave the way for Nicaraguan President Daniel Ortega's upcoming presentation at the United Nations. Rivera reiterated that the Nicaraguan charges have been rejected and added that this will be noted in the response to be sent to Managua.

Rivera said the government is obliged to give proof of its neutrality only to the Costa Rican people. He admitted, however, that in the past few weeks the authorities have taken some actions that prove neutrality is being enforced. Rivera was referring to the expulsion of two Nicaraguans and to the discovery of a clandestine clinic.

Government To Go Before ICJ

PA301947 Hamburg DPA in Spanish 1903 GMT 30 Jul 6

[Text] San Jose, 30 Jul (DPA) -- Acting Costa Rican Foreign Minister Carlos Rivera Bianchini said at noon today that Costa Rica will go to The Hague's International Court of Justice [ICJ] to defend itself against the accusations made by Nicaragua. Rivera said: "In the face of the accusation presented by Nicaragua, we have decided to go to the ICJ to state our defense there."

Two days ago, Nicargua submitted charges against Costa Rica at the ICJ, saying "Costa Rica cooperates with the rebel groups that are attacking the Nicaraguan Government."

Rivera said: "Costa Rica maintains its neutrality in the hostilities, and it has categorical proof of its actions against rebel groups." He added that although the Costa Rican Government feels the Nicaraguan accusation is groundless, it will go to the ICJ because Costa Rica signed the agreements creating that court.

Protest Against EPS Attack

PA310329 San Jose Radio Reloj in Spanish 0100 GMT 31 Jul 86

[Text] Costa Rica has presented a new protest to the Sandinist Foreign Ministry over an EPS armed attack in the Boca de San Carlos region at 1515 on 26 July.

Costa Rica requested that the Nicaraguan Government do all it can to prevent that type of action from recurring. It also requested that Nicaragua investigate that attack so the ones who carried out that illegal action, which aggravates relations between the two countries, are properly sanctioned. Several mortar shells hit Costa Rican territory in the attack.

The note sent by Costa Rican Acting Foreign Minister Carlos Rivera Bianchini to Sandinist Foreign Minister Miguel D'Escoto points out the incongruities of Nicaraguan policy on Costa Rica. While high-ranking Nicaraguan officials make statements in favor of constructive and friendly relations between our two nations, Costa Rican sovereignty continues to be attacked from EPS-controlled Nicaraguan territory, the note adds. This new protest was delivered to the Nicaraguan Embassy in San Jose in the last few hours.

MINISTRY DENIES ENTRY VISA TO FDN'S CALERO

PA302229 San Jose Radio Reloj in Spanish 1200 GMT 29 Jul 86

[Text] The Costa Rican Security Ministry yesterday rejected a request by FDN counterrevolutionary leader Adolfo Calero to enter the country. Government Minister Guido Fernandez reported to the Security Council that one of Calero's lawyers had presented the request. According to the request, the FDN leader would reportedly stay in the country 1 week to visit some relatives.

The government minister indicated that the decision to turn down Adolfo Calero's request was based on the same reasons for which it had previously been turned down. Fernandez admitted that last May Calero had also requested, through a lawyer, a permit to enter Costa Rica. Nevertheless, on that occasion the Security Council turned down his request because it considers that Adolfo Calero represents the FDN military branch. Consequently, his presence in Costa Rica would have compromised the government's neutrality, Guido Fernandez said. He added that people have political freedom in Costa Rica, and exiles are asked to live according to the country's civic and political guidelines.

VISA FOR LIBYAN OFFICIAL UNDER INVESTIGATION

PA301431 San Jose LA NACION in Spanish 21 Jul 86 p 4-A

[Text] The Foreign Ministry will try to find out today why our consulate in Rio de Janerio granted an entry visa to Kamil Maghuri, a Libyan People's Committee for Foreign Liaison official.

Immigration regulations have been in existence for months that restrict the entry to Costa Rica of Libyan citizens.

Although Maghuri was identified in Brazil as the Libyan foreign minister, it was then clarified that this post is occupied by 'Ali al-Turayki.

Deputy Foreign Minister Carlos Rivera Bianchini said yesterday that all he has in his possession is a very plain, unofficial report on the visa authorization granted by Consul Jose Hilario Villalobos. Maghuri arrived on Friday in the Brazilian city from Casablanca, Morocco. He was planning to travel to Nicaragua and other countries in Central America, according to what he said, with a stopover in Costa Rica.

VARIG Airlines had refused to transport Maghuri to Juan Santamaria Airport because he did not have the permit to enter our territory.

On Friday night, however Maghuri obtained a visa. He was unable to travel on Saturday because there are no flights to San Jose on that day. VARIG only has flights to San Jose on Fridays at 1635. The Libyan also was not able to travel to La Paz, where he planned to go.

One of his assistants said Maghuri had planned to make a "secret" trip. Moreover, he was annoyed because Maghuri's situation had been made public.

Yesterday afternoon, the Costa Rican deputy minister insisted that he does not have sufficient details about this matter and that he would proceed with an investigation.

It is possible that information on this will be received from Consul Villalobos today.

EL SALVADOR

HONDURAN PRESIDENT AZCONA ARRIVES ON VISIT

PA310447 San Salvador Domestic Service in Spanish 0354 GMT 31 Jul 86

[Text] At his arrival at Ilopango Air Force Base, Honduran President Jose Azcona Hoyo was received by Salvadoran President Jose Napoleon Duarte, accompanied by members of the Legislative Assembly and of the Cabinet, as well as by top-ranking military commanders and directors of autonomous and semi-autonomous institutions.

The troops of the Air Force base rendered the respective military honors to the two presidents. President Duarte said President Azcona Hoyo's visit is a very important event.

VICE PRESIDENT DISCUSSES PEACE PROCESS

PA281730 San Salvador Radio Cadena YSKL in Spanish 1730 GMT 28 Jul 86

[Interview with Rodolfo Castillo Claramount, vice president and foreign minister, by Rene Hurtado; place and date not given -- recorded]

[Text] [Hurtado] Mr Castillo Claramount, what is the specific and real situation of the Contadora Group? Is there any hope that it will move forward?

[Castillo] Look, the problem is that I do not know to what extent the Contadora and Support Group countries will really maintain their determination to continue with this effort. I am concerned over the fact that in Caracas there was no decision or initiative taken to further such efforts. They only participated in a protocol act to accept decoration.

I had sincerely hoped that there would be some kind of statement, but there was none. Our reply coincides with that of Costa Rica and is less like that of Honduras, although Honduras is leaving a door open. Apparently, Guatemala has not yet replied. The one from Nicaragua also leaves a door open. I am referring to the replies given by our countries after having received the document in June.

Given that they asked for our reply, we said, in El Salvador's case, that we take the Contadora Group at its word and that we hope it will resume and continue its efforts.

[Hurtado] There is much talk about a surprise meeting by the four countries -- namely Honduras, Guatemala, El Salvador and Costa Rica -- with Nicaragua to discuss this Contadora problem.

[Castillo] No, there is no surprise meeting. It is most probable that on 13 August, when we all meet in Guatemala -- that is, vice presidents, foreign ministers, and three parliamentary representatives of each country-- there might be an informal meeting to explore a possible meeting between the five countries. I said before that this must be done in accordance with an agenda allowing us to make progress and work seriously. That is definitely our idea; we are not working on surprise meetings of any kind.

[Hurtado] Mr Castillo Claramount, if this 13 August meeting is to establish a Central American parliament made up by all countries, could this in the end displace the Contadora Group and bring about a Central American solution?

[Castillo] No, this is not a move to exclude that group. It was never conceived with that purpose. Specifically, in our case, we proposed the paraliament to the Contadora Group and the group accepted our proposal that it be a group to support Contadora. That is still our position.

We believe Contadora produced a system. The Contadora Group has brought some results besides the integration of the countries, etc. It is important that we rescue it and that it not be forgotten. Our Foreign Ministry has designed an entire scientific concept around this position, the so-called Contadora doctrine.

We are treating this with all the seriousness that is deserves. There are a number of elements with political, juridical, diplomatic, and military security connotations. It is very important to follow up on them. We must improve and develop them. I think that this must be done within the framework of the Contadora Group document-- within the 21 objectives and the Contadora document concept.

[Hurtado] To end this interview, is there any hope for Contadora? Do you think that this could really be the beginning of a peaceful solution in the Central American area?

[Castillo] We hope so; however, realistically speaking, I think that as long as the five Central American countries do not meet to probe the extent of our determination and desire to reach firm and sincere commitments and to achieve progress, I will not be able to reply to your queston in realistic terms. I can simply express optimism and my desire, but that is not what we need. We need to know the extent of our determination. That can be decided at the discussion table. I think that 13 August will be an appropriate day to examine the possibility of such a meeting. In that meeting, we will see how far we can really go. Future developments will depend on this. I honestly think that to a large extent, this will depend on Nicaragua's position.

DUARTE ISSUES COMMUNIQUE ON KIDNAPPED COLONEL

PA301427 San Salvador Domestic Service in Spanish 1300 GMT 30 Jul 86

[Communique signed by President Jose Napoleon Duarte as commander in chief of the Armed Forces -- dated 29 July]

[Text] The General Command of the Armed Forces of El Salvador hereby responds to recent reports on the kidnapping of Colonel Omar Napoleon Avalos made known here and abroad.

1. The armed institution has been concerned with making possible the return of Col Avalos to his family and to his professional tasks from the very moment that he was kidnapped by a subversive FMLN-FDR group.

2. Unfortunately, the subversive organizations refused to allow personal contact between Col Avalos and representatives of the Salvadoran church and other international humanitarian organizations, and for this reason the physical condition of the victim could not be established. The conditions under which he is being illegally held could not be established either. This made efforts for his release more difficult.

3. During his illegal and unjust captivity, Col Avalos has been deprived of the guarantees to which he, as human being, is entitled.

4. Since the Armed Forces have been inflicting many casualties on the extremist groups, the latter have appealed for a humantarian gesture on the part of the Armed Forces to allow the evacuation from the country of an undetermined number of rebels crippled by the violence that they have chosen to impose on the Salvadoran people.

As a result of this, the Armed Forces High Command has made this humanitarian gesture contingent on the immediate release of Col Omar Napoleon Avalos, but the irresponsible leaders of the FMLN-FDR have refused to fulfill minimum humanitarian obligations toward their own crippled elements and have refused to release Col Avalos.

5. Nevertheless, in the 9 months of the inhuman capitivity to which Col Avalos has been subjected, this is the first time that the possibility of his release has appeared, although so far there has been no formal and specific proposal from the extremist FMLN-FDR groups.

6. Once the demands of the Marxist organizations are known, this General Command is prepared to consider adequate possibilities to find a solution to this case within the framework of the law and the humanitarian principles that must be observed and respected by all those who are deeply committed to the search for peace in our country.

San Salvador, 29 July 1986

[signed] Jose Napoleon Duarte

President of the Republic and commander in chief of the Armed Forces.

Archbishop To Visit Avalos

PA310404 Panama City ACAN in Spanish 0245 GMT 31 Jul 86

[Excerpts] San Salvador, 30 Jul (ACAN-EFE) -- A military source reported to ACAN-EFE that Salvadoran Archbishop Arturo Rivera y Damas will travel tomorrow to the eastern department of Morazan to visit a solider who was kidnapped 9 months ago by the guerrillas.

The visit of the Salvadoran prelate follows a request made to the church through the media 2 weeks ago by the kidnapped man, Colonel Napoleon Avalos. Avalos was kidnapped 9 months ago by FMLN guerrillas. [passage omitted]

Regarding the visit to the prisoner, the prelate said: "Surely the years take their toll, but I can go, although to go I might have to call off the Episcopal Conference meeting that was scheduled for this week." [passage omitted]

COPREFA ISSUES REPORT ON REBEL CASUALTIES

PA291625 San Salvador Canal Doce Television in Spanish 1200 GMT 28 Jul 86

[Excerpt] The Armed Forces Press Committee, Coprefa, in its weekly report says it inflicted 13 casualties on the guerrillas. It acknowledges the deaths of 3 soldiers and reports that 13 others were wounded.

The military report details that during the past week, the insurgents killed 2 civilians, wounded 3, kidnapped 12 others; it did not provide further details.

According to Coprefa, in the economic area, the FMLN destroyed five pylons, an ANTEL [National Administration for Telecommunications] office, one cargo train, a vehicle of the Ministry of Agriculture and Livestock, an excavator, a bulldozer, and a CEL [Lempa River Hydroelectric Executive Commission] sub-station, which was partially destroyed. The report also states that during counterinsurgency actions carried out by the Armed Forces in various strife-torn areas in the country, different kinds of weapons were seized, including 19 rifles, 21 grenade launchers, 7 grenades, and 186 mines. [passage omitted]

'Important' Rebel Casualty

PA282321 San Salvador LA PRENSA GRAFICA in Spanish 26 Jul 86 pp 5, 25

[Text] Colonel Jesus Caceres has reported 18 subversives were killed and 35 wounded in the initial part of the seventh phase of the military operation in Chalatenango.

Col Caceres, commander of Military Detachment No 1 headquartered in Chalatenango, said yesterday that one of the most important casualties sustained by terrorist groups in the past few days was Commander Susana, one of the FPL's [Farabundo Marti Peoples Liberation Forces] most important leaders.

He said the late commander was not only one of subversion's most courageous combatants in the northern area of the country, but was in charge of funds coming from abroad that only she knew how to obtain and send to the most critical areas.

This is the main reason why, said Col Blandon, her death constitutes a heavy blow to the terrorist organizations.

As for the weapons seized, he added that the varous units participating in the Chavez Carreno Operation, which is already in its seventh phase, seized 15 rifles of various calibers, including FAL, AR-15, M-16, and G-3 rifles.

Blandon said most military actions have concentrated in Arcatao and its surrounding area, which are at the highest points in Los Filos, La Canada, and Los Bolsones de Zazalapa.

Thanks to the arrival of the Atlacatl Battalion headed by Colonel Juan Carlos Carillo, the situation in that border area is completely under Armed Forces control. It is expected that this northern area will be thoroughly cleaned up in the next few days, concluded Col Blandon.

HONDURAS

AZCONA ON CONTRA PRESENCE, NICARAGUAN ICJ SUIT

PA310330 Paris AFP in Spanish 0223 GMT 31 Jul 86

[Text] Tegucigalpa, 30 Jul (AFP) -- Honduran President Jose Azcona today admitted the presence of anti-Sandinist rebels in Honduran territory but reasserted that his government will not control the situation to "protect the Nicaraguans' backs." He also suggested to the government in Managua that a wall like the one in Berlin be constructed throughout the common border to stop refugees from entering Honduras, "because they affect our economy in an extraordinary way."

During statements to the local station Radio America, Azcona said: "We would have to use all our resources" to prevent the contras' actions in Honduras, and "we will not act as guards to protect the Sandinists' backs."

The radio station's editorial questioned Azcona's statements, in which he publicly acknowledged the rebel presence in the country, stating that Nicaragua might use this argument in its charges against Honduras before the International Court of Justice (ICJ).

Nevertheless, Azcona asserted that Honduras has not officially recognized the rebel presence, and recalled that his government has already told the ICJ that it does not recognize the court's jurisdiction in this case.

Azcona reasserted that "the contras currently live in Honduran territory and come and go as they please," and sometimes "they establish temporary camps."

Nevertheless, Azcona stated quite clearly that "the contras and the U.S. Armed Forces do not have permanent bases in Honduras."

Azcona admitted the possibility that there are contra camps and hospitals in Honduras, but insisted that "it is not easy for Honduras to limit the activities at the border" with Nicaragua.

He added that "it has also been impossible to limit the Salvadoran guerrillas' entries, even though it has been ascertained that they have links with some sectors in the refugee camps."

He added that "the contras also come and go in Costa Rica" -- which is also being accused by Nicaragua at the ICJ of letting the anti-Sandinist rebels use its territory for armed actions -- "and the government in that country has maintained a position similar to the one adopted by Honduras."

The radio station reported that the Salvadoran refugee camps are closely watched while the Nicaraguan refugee centers received protection from the Armed Forces. However, Azcona denied that Nicaraguan refugees are being given special treatment in Honduras.

Referring to the charges presented against Honduras at the ICJ, Azcona said: "Knowing that Nicaragua might use any action for its propaganda and publicity plans, we notified The Hague in May or April that we do not recognize its jurisdiction."

The president asserted that Honduras has based its policy concerning Nicaragua on three points, as follows:

-- Honduras will never lend its territory for troops from any power to invade Nicaragua.

-- The Armed Forces will not enter 1 inch inside Nicaraguan territory; in other words, Honduras will never invade Nicaragua.

-- Honduras will not earmark its resources or send all its battalions to guard the border to protect the Sandinists' backs.

Azcona asserted that Nicaragua "has no evidence that a single Honduran soldier has crossed the borderline, and Honduras has even returned some Army prisoners" following the mass raid during Holy Week.

He also asserted that "we have begged President Ortega that, for the sake of peace in Central America, his government allow an opening in his country and act democratically so that we do not continue to suffer the effects of the internal pressure that prevails in Nicaragua."

"However, we are extremely concerned because -- far from seeking a political solution -- the Nicaraguan Government is making this almost impossible by adopting measures against the church, press, and unarmed opposition," the president stated.

NICARAGUA

FOREIGN MINISTRY COMMUNIQUE ON NEW ICJ SUITS

PA302135 Managua Radio Sandino in Spanish 1940 GMT 30 Jul 86

[Foreign Ministry communique issued on 30 July; read by Ambassador to the Netherlands Carlos Arguello -- live or recorded]

[Text] The Foreign Ministry hereby reports to the people that on 18 July 1986, the Republic of Nicaragua presented two requests for [words indistinct] the respective judiciary procedures against the Republics of Honduras and Costa Rica before the International Court of Justice [ICJ] Inasmuch as it feels that all efforts in recent years to reach a peaceful solution in accordance with international law have been useless, Nicaragua adopted this decision in view of the very serious situation that has arisen as a result of the forceful and interventionist policy of the U.S. Government against Nicaragua in complicity with Honduras and Costa Rica.

In the case of Honduras, Nicaragua has been trying since 1980 to reach a bilateral agreement that will put an end to the illegal activities against Nicaragua. From the presidents' meeting held at the Guasaule border post to this date, Nicaragua has made many efforts to reach a bilateral agreement. Unfortunately, there have been negative answers to these efforts to end the complicity with the illegal policy of the United States and a growing involvement with this policy.

Referring to Costa Rica, both the mixed commission created in 1982 and the supervision and prevention commission formed in 1984, as well as the bilateral talks held in (?our) country with the support of the Republic of France, also have been useless. In spite of the sincere efforts of Nicaragua and the public statements made by the Costa Rican Government, the truth is that the complicity of the Costa Rican Government with the illegal policy of the U.S. Government has not ended, and the armed actions, the acts of intervention, and other illegal actions to the detriment of Nicaragua have continued.

Nicaragua believes it has made use of all means for bilateral and direct negotiations to find a solution to this situation in accordance with international law and the fraternal relations that should prevail among brotherly nations. Nicaragua therefore is now compelled to resort to this means of peaceful solution with the hopes that through these resources the ICJ will be able to restore peace, mutual respect, and trust among our nations.

Nicaragua feels that the Contadora Group (?should report to the ICJ) on its efforts to reach a regional solution to the Centrral American crisis. In view of the violations of the basic norms of international law, Nicaragua particularly seeks to prevent bilateral issues from leading to a generalized war situation. The Contadora Group is trying to find an agreement among the five Central American countries that will restore -- through international law -- peace, trust, and cooperation among all states in the Central American region.

As an act of courtesy to Honduras and Costa Rica, the Nicaraguan ambassadors to those countries presented on 18 July an official note informing the respective countries of Nicaragua's decision.

Nicaragua hopes that by presenting these bilateral conflicts with Honduras and Costa Rica to the ICJ, it will be possible to strengthen an understanding with these countries and reach a peaceful solution to the controversies.

GRANMA 'GAFFES' SUGGEST CRITICISM OF CASTRO

PA251733 Paris AFP in English 1712 GMT 25 Jul 86

[Text] Havana, July 25 (AFP) -- Cuban President Fidel Castro has been the butt of ridicule by some unofficial editing of the official party paper GRANMA that has even caught Mr. Castro's attention and which analysts said were the most violent attacks on him in his 27-year rule.

In its report of the traditional May 1 marches, GRANMA's back page had a photo of the president that if held up to the light showed a skull on his chest. The paper followed this up with a headline on the front page of the July 4 edition that, if folded a way that Cuban readers do, changed the headline to "Down With Fidel." Mr. Castro himself mentioned the two layout gaffes in a televised report Thursday on a recent meeting of the Cuban Communist Party Central Committee. He dismissed them as simple coincidences without any mystery involved, but analysts said that, the second case at least, could not have been a coincidence, with typographical errors that were glaring to most newspaper professionals. And the president did not mention a third layout gaffe on June 7 which intentionally or otherwise published a particularly damning anti-Castro message.

Again on the front page, a picture to commemorate the anniversary of the Interior Ministry, shows Mr Castro in uniform surrounded with other uniformed officers, but with his arm raised in a manner that looks unmistakably like a fascist salute. In one corner of the photo the word "ario" (aryan) is seen. The word "aniversario" (anniversary) apparently got cut in layout, but analysts again said it should have been easy to avoid such coincidences.

Diplomats in Havana said that the layout coincidences are similar to those already used by opposition members in other communist bloc countries. Both they and journalists said that someone, perhaps from inside GRANMA, must have been energetically spreading the word, so that the population got to know about the clever design slips. Veteran analysts and journalists here said that these were the fiercest attacks directed against Mr. Castro in his 27 years in power in Cuba.

They added that the attack had come at an embarrasing time for Mr. Castro, with Cuba saddled with severe economic problems and the president himself calling for a "revolutionary counter-offensive" against "mistakes and negative tendencies" in Cuban society.

MEXICAN SENATOR SOCORRO DIAZ ENDS OFFICIAL VISIT

FL291608 Havana Tele-Rebelde Network in Spanish 1100 GMT 29 Jul 86

[Text] Mexican Senator Socorro Diaz, EL DIA newspaper director, has ended her official visit in Cuba at the invitation of the National Assembly of the People's Government [ANPP]. Deputy Ramon Ferro, chief of the ANPP international department, and other officials were present at Diaz departure. During her stay, she met with high-level party and government leaders.

'OUR AMERICA' ON PINOCHET'S HOLD ON POWER IN CHILE

PA290345 Havana International Service in Spanish 2300 GMT 25 Jul 86

["Our America" commentary]

[Text] General Augusto Pinochet has unexpectedly begun a retreat, at least verbally, regarding his intention to remain in power in Chile indefinitely. During a recent speech to inaugurate the Eighth National Mayor's Congress, Pinochet said that he will not be a candidate in 1989, because many things can happen in 3 years. His reasoning regarding his future as a dictator caused suprise, because in all his public appearances Pinochet has shouted his intention to remain in power, not only until 1989 but to run for president in the 1989 elections. Since the bloody coup d'etat in 1973, it could be said that this is the only truth spoken by the head of the regime: In 3 years, many things can happen.

However, we should add that much has been happening for quite some time. The magnitude of the people's demonstrations, the strikes, and the radicalization of the masses are more than enough to give Pinochet and the other members sleepless nights, but above all they have influenced the president into reconsidering. It would be naive to think that someone who is so bent on remaining in power can, from 1 minute to next, change his mind. The truth of the Chilean situation is pushing the general to take back his own words. Very important factors in this situation are the mobilizations against the regime and the demands for a change as soon as possible. However, there is also pressure being exerted by the one who until lately Pinochet considered his strongest supporter: the U.S. Government.

By this we do not mean to say that the U.S. Government has decreased its support for the Chilean dictator, but it is pressuring, through various businessmen, for more flexibility in the junta's policies, because it foresees that, the way things are going, Pinochet's fall is not too far away. This would bring about a very deep change in the Chilean situation, and it would be very difficult for the U.S. Government to control such a situation.

Aside from all this, there is a deep uneasiness within the Chilean Armed Forces. Its members do not seem very pleased with Pinochet's personal plans. When referring to the presidential aspirations of the dictator, Navy Commander Admiral Jose Toribio Merino recently said: Pinochet can say whatever he likes, but what we want to project is a political idea, not men. Meanwhile, Air Force Commander General Fernando Matthei said that it is quite possible that the Constitution implemented in 1980 will have to be amended so that free and direct elections can be held in 1989.

It is quite obvious that there is a power struggle in Chile, but above all there is a great fear of radicalization and change. All this causes a retreat and marks the possible beginning of Pinochet's defeat.

RAUL CASTRO VISITS HOLGUIN PROVINCE

FL291124 Havana Radio Progreso Network in Spanish 1100 GMT 29 Jul 86

[Text] Army General Raul Castro, party Central Committee second secretary and FAR minister, has visited Holguin's provincial party headquarters, where he watch the televised national main ceremony marking the 33d anniversary of the Moncado Barracks attacks held in Sancti Spiritus.

Raul noted the successes achieved by Sancti Spiritus Province after the triumph of the revolution and characterized Commander in Chief Fidel Castro's remarks as suitable for our times.

SATELLITE TV STATION SCHEDULE, PROGRAMS NOTED

FL291503 [Editorial Report] Havana Tele-Rebelde Nework at 100 GMT on 29 July, interviews RAmon Chile, international technical center director, and Danilo Cirio, programming director of the new Cubavision satellite television station.

Mr Chile explained that the station is using the Soviet stationary satellite number four, which covers the Atlantic coast of North, Central and South America, the Caribbean, Europe, and Africa. He notes that the signal is transmitted on 3.7 (?diahertz) in the 7.5 mHz bandwith. They have been informed that Cuban internationalists in Angola and Ethiopia and Cuban diplomatic missions in Moscow and Nicaragua have satisfactorily received the signal which began broadcasting on 26 July.

Danilo Cirio indicates that initially Cubavision will transmit three times a week -- on Friday, Saturday, and Sunday -- for approximately 3 hours each day starting at 1800. This schedule will continue until the end of the year and will be gradually expanded to broadcast 8 hours a day. Cirio notes that the new channel uses the best of Tele-Rebelde and Cubana televison programming, with the exception of a newscast which is produced especially for the international channel.

BRIEFS

MAURITIUS, TOGO AMBASSADORS -- Vice President of the Council of State Carlos Rafael Rodriguez has received the credentials of ambassador of Chitmansing Jesseramsing of Mauritius and Ambassador (Kwam Kouassi) of Togo. [Excerpt] [Havana Radio Rebelde Network in Spanish 2300 GMT 30 Jul 86 FL]

BAHAMAS

PINDLING IN LONDON, CHAIRS COMMONWEALTH MEETING

FL301627 Nassau Domestic Service in English 1200 GMT 30 Jul 86

[Text] Prime Minister Pindling, armed with a mandate from the Caribbean leaders to use every means possible to further the objectives of the Nassau Accord, is in London this morning. The prime minister is there for a meeting of seven Commonwealth heads. They will review the work of the Group of Eminent Persons in regards to the situation in South Africa. The eminent persons group's report earlier had said the situation in South Africa was not getting any better, that the South African Government was showing no real signs of dismantling the apartheid system.

The prime minister will be chairing the meeting of seven Commonwealth heads and, depending on progress, there could come a call for a meeting of all Commonwealth heads to deal with the situation.

Debbie Battlet was at the airport as the prime minister left for London last evening. She reports this morning that Sir Lynden has some definite ideas about handling the situation.

Prime Minister Pindling says South African President P W Botha must stand firm because he has very adamant extreme right-wings in his party and so he is not free to make any concessions. However, he remains optimistic about the results of the upcoming meeting. [passage indistinct]

JAMAICA

SEAGA DEFEATED; PNP SWEEPS MUNICIPAL ELECTIONS

FL301437 Bridgetown CANA in English 1450 GMT 30 Jul 86

[By Paget Defreitas]

[Text] Kingston, Jamaica, July 30, CANA -- The opposition People's National Party (PNP) swept yesterday's municipal elections handing a heavy defeat to Prime Minister Edward Seaga's Jamaica Labour Party (JLP).

The election was fought on national issues and in a late night statement, Seaga conceded his party's defeat put into question the policies of his government which has held power since 1980.

He acknowledged that the PNP had gained the support of the voters.

It (the loss) obviously would need a good deal of deep looking at the party, at our organisation, at our candidates, at our policies, at our members of Parliament and, if I may say so, at our leadership, Seaga said.

The twice-postponed poll was the first real contest between the two major parties since 1980 when the JLP won power, the PNP boycotted a snap general election three years later to press for electoral reform.

It campaigned this time on the premise that the election would be a referendum on the austere economic policies of Seaga, suddenly changed in May with an expansionary budget.

The next step has to be general elections, Manley said last night.

Manley said the result of the election indicated that it was time for a serious reflection on Jamaica's future.

I think this has been a very substantial expression of opinion by the Jamaican people in the contest of a judgement both on this government and on the fact that we don't have a normal democracy operating, he said in a reference to the country's one party parliament.

An estimated 60 percent of the eligible 970,000 votes cast their ballots. Polling was marred by by scattered violence, administrative hitches and allegations of intimidation.

The deaths of two men yesterday were attributed to political activity. One man in St Thomas, eastern Jamaica, was shot dead in a scuffle near a polling station with a plain-clothes soldier in the military intelligence unit while in western Kingston, one died and another was hospitalised with gunshot wounds when passing bandits shot up a polling station. In addition, the body of a man was found after gunshots were heard in Spanish Town, just outside Kingston, but it was not immediately clear whether this was connected to the voting.

Electoral officials reported instances of individuals armed with guns forcing their way into polling stations and intimidating officials into letting them vote. Witnesses said supporters of both parties were involved.

Elsewhere two policemen were injured, one stabbed during a melee at a polling station and the other, a special constable sworn in for the day, shot during an attempted ballot box theft in a Kingston constituency, officials said.

There were also isolated reports of ballot stealing and late appearance of polling officials and furniture.

Just after the polls closed, Manley had claimed in a statement issued through a spokesman that there had been intimidation, provocation, and attempts to frustrate voters.

Views On JLP Defeat

FL302222 Bridgetown CANA in English 1928 GMT 30 Jul 86

[By Paget de Freitas]

[Excerpts] Kingston, Jamaica, July 30, CANA -- The defeat of the centre-right JLP in yesterday's municipal elections has placed Prime Minister Edward Seaga on a frayed political high-wire requiring an extremely delicate balancing act, analysts here say.

The result, they add, amounted to a rejection of Seaga's austere economic policies -- eased slightly in his May budget -- and gave support to calls for general elections by Michael Manley's PNP.

People are hungry and people are unemployed, said South African-born novelist and political commentator Peter Abrahams, who has lived here for nearly 30 years.

These are the grass-roots reasons for the vote, he added. The unofficial results so far show the PNP winning 10 and possibly 11 of the 13 municipal authorities, taking approximately 57 per cent of popular vote on an estimated 60 per cent voter-turn out. There are over 570,000 persons on the voters register.

The results confirmed a big swing back to the democratic socialist PNP since the 1980 general election that produced a JLP landslide with figures approximating those of yesterday's poll.

It was in fact the first real contest between the two parties since that bitter election that pitted Seaga's free enterprise, pro-American programme against Manley's social democratic ideals in a campaign that cost nearly 800 lives. [passage omitted]

Seaga has recognised that he has a big problem and that he needs to re-assess his programmes as well as the party.

It obviously will mean a good deal of deep looking at the party, at our organisation, at our candidates, at our members of parliament, at our policies, and if I may say so, at our leadership, he said after the PNP victory was clear.

In fact, Seaga has already been doing some reflecting on the policies that have cost his government dearly in popular support.

After years of dutifully pushing through International Monetary Fund (IMF) and World Bank requested programmes that required hefty devaluations of the local dollar, the firing of thousands of public sector workers, cuts in public spending, and economic deregulation, the prime minister balked last October.

At the IMF/World Bank meet in Seoul, he complained about the short time span they gave developing countries to carry through painful adjustment programmes and said that, despite doing everything required of it, the Jamaican economy was still in trouble.

He invited the two institutions as well as the U.S. Agency for International Development (USAID) to send a joint mission to the island to take a fresh look at the economy and to assess the government's view that it was time to induce growth rather than further contraction.

The mission disagreed with Seaga, and in their report called for more bitter medicine through further devaluations and additional public sector job cuts.

With an election around the corner and his party trailing in public opinion polls, Seaga threw out their report, and in May presented an expansionary budget aimed at stimulating a more than five per cent growth this fiscal year, against the big decline in 1985-86.

Savings from falling oil prices were used to provide subsidies on a number of basic good and other items.

In essence, according to University of West Indies economist Dr Omar Davies, Seaga has for the past few months been defying these institutions which are major factors in any equation on the Jamaican economy.

The island is currently only a little over half-way through a 22-month IMF agreement, and the fund and the government are negotiating on this fiscal year's programme.

Seaga has said that he has a contingency programme if the institutions force him to push through more austerity.

But economists point out that the government needed the fund's seal of approval if it is to approach foreign creditors and institutions for aid and the inevitable need to further rescheduling some of the country's U.S. 3.3 billion dollar external debt.

In this scenario, the prime minister might be forced to reach an accomodation with the fund, and possibily risk further eroding the 43 per cent of the vote captured in yesterdays election.

Mr Sega might have to take the plunge for the next few months (and continue to defy the institutions with his government spending) and then go for the general (election), Davies said.

But there is also a view that his defeat could provide the prime minister with a bargaining chip -- the argument that he is a more reliable customer of the free enterprise product than Manley would be.

In any event, Seaga, who has a reputation for toughness, is likely to face considerable pressure that will require all his noted political skills.

In spite of Mr Seaga's posture of being super-tough he has increasingly become subjected to the PNP opposition pressures, said comentator professor Carl Stone.

Now that the people spoken, I hope everybody respects the implications of the statement, said former prime minister Manley.

INDIA GIVES LINE OF CREDIT; TERMS CITED

FL242212 Bridgetown CANA in English 2153 GMT 24 Jul 86

[Text] Kingston, Jamaica, July 24, CANA -- India has given Jamacia a J4 million dollar line of credit for the purchase of Indian goods, the Export-Import Bank announced.

The bank said the facility will be open to both the public and private sectors for a wide range of goods.

They include chemical and pharmaceutical plant and machinery, earth moving equipment, leather tanning and processing machinery, power generation transmission, distribution equipment, and textile machinery.

The Ex-Im Bank said that under the terms, it will finance 90 per cent of the fob value of the goods, with the Jamacian importer required to find 10 per cent, which must be paid to the Indian supplier at the signing of the contract.

The rate of interest will be 11 per cent plus the bank's two per cent service charge.

There is currently little trade between Jamacia and India, and India High Commission officials say they hope his could lead to the opening of a new trading gate between the countries.

If this take off, maybe we can identify also areas of imports from Jamaica, a high commission trade official said.